Tax Agenda Slovakia

January 2022

Building a better working world

No.	Fact	Action		
1	**New form of public Tax Reliability Index** The new form of a public Tax Reliability Index has more motivational character. Taxpayers who are "highly reliable" will receive more dispensations, e.g., extended deadlines and reduced fees. See more	To be eligible for these dispensations, the taxpayer should fulfill obligations arising from tax and accounting regulations.		
2	**New guidance on application of Double Tax Treaties** Ministry of Finance released first draft of the upcoming guidance on application of Double Tax Treaties. It will clearly incorporate the obligation to prove the recipient's tax residence and beneficial ownership of the income as a condition for application of reduced withholding tax.	Taxpayers should be prepared with evidence on tax residence and beneficial ownership of payments such as licenses and interest paid to entities outside of Slovakia. The proof should be available at latest by the date of payment.		
3	**Electronic delivery of correspondence from the Slovak tax authorities** The Slovak Financial Administration launched full two-way electronic communication. To access correspondence from the tax authorities, taxpayer needs to activate the specific electronic mailboxes on the Central Portal of Public Administration, accessible through the website http://www.slovensko.sk. See more	Taxpayers should activate electronic mailboxes on the central portal.		

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2021/2022

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Compliance *Risk management* *Cash-flow / ETR impact*

No.	Fact	Action		
4	**Super-depreciation of CAPEX** Taxpayers can apply an additional deduction (15% to 55%) of tax depreciation costs related to newly acquired assets for Industry 4.0. The deduction is dependent on the value of the new investment compared to investments in previous three tax periods. The minimum investment amount is €1 mil. See more	If there are planned investments in assets during following years, taxpayers should evaluate whether they meet conditions for the super-deduction and if so, make appropriate steps to claim this deduction.		
5	**Transfer pricing audits** Tax audit activity is increasing after the extraordinary measures related to COVID-19 pandemic have been lifted. Tax authorities are focusing on companies which incurred losses or their profit decreased by a significant margin to examine whether they continued to uphold their transfer pricing (TP) policies during the COVID-19 pandemic.	Ensure that the company has TP documentation available that can substantiate losses or decreases in profit. A special benchmarking study for 2021 should be prepared.		
6	**Reduced fee for a binding opinion** The fee for the binding opinion from tax authorities was reduced to €1,000 (from €30,000). Significant reduction may open up possibility for further assurance when planning significant transactions. See more	If contemplating significant transactions, taxpayers should consider asking the tax authorities for a binding opinion, which can lower risk of a future challenge.		
7	**Reduction of the deduction for R&D** The super-deduction of R&D costs is reduced to 100% from the original 200%. See more	This provision will be applied for the tax period beginning on 1 January 2022, so when calculating super-deduction for the previous tax period (for FY21), taxpayers should still apply 200% deduction.		
8	**Real time invoicing** The Slovak Government announced that the "live invoice data reporting" legislation should come into force on 1 January 2023 (unofficially postponed to 1 January 2024). It will impose the obligation on Slovak businesses to send invoice data to the Slovak Financial Administration, before the invoice can be issued. This obligation was extended to all businesses and not only for VAT payers. See more	Reporting should be through the state-certified communication component, likely to be part of the taxpayer's ERP system. Taxpayers should reserve their IT providers' capacities to implement a solution compatible with their ERP which can be in operation by January 2023 (actual timing of legislation to be monitored).		
9	**New reporting obligation for VAT payers** VAT payers are obliged to register with the Financial Directorate each bank account held in a domestic or foreign bank, which they use for business activities. A penalty of up to €10,000 can be imposed if reporting obligation is not fulfilled. If a payment is made to an unregistered bank account of the supplier this will lead to a joint and several liability for unpaid VAT at supplier's stage. See more	VAT payers should monitor and report every change of their bank accounts. To manage the risk of several and joint liability for unpaid VAT, it is possible to remit the amount of VAT shown on an invoice directly to the individual bank account of the supplier registered with the tax authorities ("split payment").		
10	**Electronic archiving** Historically, several tax, accounting and legal aspects associated with electronic archiving formed an obstacle to fully electronic archiving of documents (invoices, receipts). The amendment to the Accounting Act (effective from 1 January 2022) confirmed the validity of electronic documents and there could be a change in the practical approach of the state archives.	Taxpayers should understand the legal and tax regulations concerning the archiving of documents, their conversion and transfer (in electronic form) abroad and take measures to enable electronic archiving in accordance with the legislation.		

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11	**Cash-flow improvement** Cash flow improvement possibilities exist: request decreased tax advances, request WHT from interest / licenses paid to related parties based on amended rules for the tax exemption, COVID-19-related grants.	Identify any outstanding receivables from the tax authorities or additional deductions.		
12	**Disclosure reporting** Based on DAC6, disclosing information on a reportable cross-border arrangement (MDR) to the tax authorities has become an obligation in Slovakia. Information on reportable arrangements executed as of 1 January 2021 must be disclosed within 30 days of the arrangement being ready for implementation or the first step in the implementation being made. See more	Identify MDR obligations in Slovakia. Report if required.		
13	**Criminal liability** There are strong indications that only simple payment of outstanding taxes will no longer extinguish criminal liability of statutory representatives who have committed criminal tax offences.	Put adequate tax procedures in place and collect evidence confirming that statutory representatives are making every reasonable effort to facilitate that the company is paying the correct amount of tax.		

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